

## Appendix 'C'

### Overall Target

The overall target was set at £26.774m by Council on 24/02/15 and remains needed to be achieved to balance the budget. Cabinet has already received an early report (18/06/15) flagging substantial variation from target of just under £4m in service savings and agreed principals for potential steps to address the gap. There will also be significant shortfalls (@£1.5m) in delivery strands for Assets and 3rd Party Spend.

### Firm/To date

A fairly strict interpretation of "firm" has been used. This assessment for 19 August position was completed during early August and approx. £6.6m of service and staffing savings are considered firm. Council tax income which is predominantly certain and planned reserve and contingency use bump up overall position so approximately 52% of the total target is considered "firm". This is expected and acceptable. **TIMING**

### Forecast

The overall weighted forecast remains 76%, so significantly short of where we should be, and unacceptable for the second quarter (RED). There has been no significant improvement in August so the position remains RED (short by more than 20%) This outcome is heavily influenced by the significant gaps in delivery strands and to a lesser extent in some service savings. **PREDOMINANTLY TIMING BUT SOME GAPS**

### Service Savings

There are significant and worrying gaps in Social Services and Education savings and these have already been escalated up to and reported to Cabinet. Without significant action these initial variations are significant enough to indicate that the overall budget will be overspent. **PREDOMINANTLY TIMING BUT SUBSTANTIALLY BELOW TARGET IN SOCIAL SERVICES AND EDUCATION**

## Staffing

Progress has been made firming up on all staff savings except the education proposals. Progress has been undoubtedly limited in that area given the significant and prolonged senior management absences **ON TARGET EXCEPT EDUCATION**

## Delivery Strands

Insufficient work has been completed on identifying and assuring as to additional tangible cash releasing savings in two of the delivery strands (to the extent of removing budgets from departments). Assets and Third Party Spend. **These are being reviewed in depth in August, this is not complete.** Shortfall of at least £1.5m expected. None is yet considered firm. The other two, Schools and the Transformation fund (negative so actually additional spend) are considered fully firm. **TIMING AND LIKELY**

## Other Savings

The nature of these savings is that they are mostly fully assured right at the start of the year. The exception is Council Tax which ultimately depends upon collection performance. At this stage we are confident we are on target to achieve all savings. **ON TARGET**

## Risks and Issues to Address This Time

Overall rate of progress is stagnant and as expected and highlighted last month, but performance is not acceptable for start of the second quarter and hence is marked RED.

HOWEVER this masks significant under performance in Education and Social Services and an absence of sufficient evidence to assure on Delivery Strands savings. Progress

otherwise in other areas and stream is actually quite good.

Cabinet has already been advised of a likely £4m shortfall and agreed a need for phased responses which if not implemented rapidly will result in additional in year savings targets being implemented.

Much stronger work needs to be done challenging the Delivery Strands (the cross authority streams not yet built into service budgets). **This will be progressed in August.**

There have been delays in assuring and validating savings in the Delivery Strands, . The Delivery Strands are indentifying opportunities particularly in third party spend, but only in year, cashable, non HRA and non schools savings can actually be "banked".

#### **SIGNIFICANT DELIVERY ISSUE IN CURRENT YEAR**

#### **Comments and feedback from PFMs**

##### **People PFM**

The broad value of shortfalls are agreed and the Directorate accepts and understands as a first call it has to seek to develop compensating savings. No significant work has yet been completed on developing a credible action plan to address those gaps and this is why those areas remain marked RED.